

Program B: Market Compliance Program

Program Authorization: La. Constitution, Article IV, Section 11; Title 36, Chapter 17, and Title 22 of Louisiana Revised Statutes; Act 83 of 1977 (Reorganization Act); Act 477 of 1992 (Reorganization Act); Act 517 of 1992 (Operations of Louisiana Insurance Guaranty Association with the Department of Insurance); Act 238 of 1997 (HMO Quality Assurance Act); Act 1138 of 1997 (Insurance Portability Act); ; Act 517 of 1992 (Operations of Louisiana Insurance Guaranty Association with the Department of Insurance); and Act 1312 of 1999 (Insurance Fraud Assessment)

PROGRAM DESCRIPTION

The mission of the Market Compliance Program is to regulate the insurance industry in the State of Louisiana by analyzing and examining regulated entities, licensing entities engaged in the insurance business, and ensuring that rates charged are not excessive or inadequate or unfairly discriminatory.

The goals of the Market Compliance Program are:

1. Protect consumers and the public in matters related to the business of insurance in the State of Louisiana.
2. Enforce existing laws honestly, consistently and impartially, and propose new laws as necessary.
3. Assure that rates and rules of property and casualty, surety and inland marine insurance are neither excessive nor inadequate nor unfairly discriminatory.
4. Work with insurance regulatory agencies in other states and with the National Association of Insurance Commissioners (NAIC) to standardize certain regulatory efforts.

The Market Compliance Program is organizationally composed of the Office of Financial Solvency, the Office of Licensing and Compliance, the Office of Health Insurance, the Division of Legal Services, the Office of Receivership, the Fraud Division, and the Office of Insurance Rating - Louisiana Insurance Rating Commission.

The Office of Financial Solvency performs financial analyses and examinations of insurance companies (licensed) and monitors surplus lines companies (approved) to assure that they are financially solvent. The office also performs market conduct examinations to assure that companies are complying with state laws, rules, and regulations in dealings with policyholders, claimants, and beneficiaries.

The Office of Licensing and Compliance licenses to individuals and entities engaged in the insurance business in the state; assists consumers having complaints against insurers and/or agents; licenses insurers doing business in the state; and reviews and approves property and casualty and life and annuity forms and advertising before they can be sold in the state.

The Office of Health Insurance licenses and examines all Medical Necessity Review Organizations (MNROs) operating in the state; assists consumers with complaints against insurers; reviews and approves all health-insurance contract forms, rates, and advertising before they can be sold/used in the state; and monitors and approves insurers seeking to participate in state and federal programs for children and adults.

The Division of Legal Services provides legal representation to the department in regulatory matters, promulgates rules and regulations, and sets policies and procedures.

The Office of Receivership oversees, with court approval, the liquidation of companies placed in receivership, and sees to the distribution of the assets among the companies' creditors, including the Louisiana Insurance Guaranty Association (LIGA) and the Louisiana Life and Health Insurance Guaranty Association (LLHIGA).

The Fraud Division investigates reported instances of suspected insurance fraud;

The Office of Insurance Rating regulates rates and rules of property, casualty, surety and inland marine insurance in the state to assure that rates are neither excessive nor unfairly discriminatory. The Louisiana Insurance Rating Commission (LIRC) is a seven-member commission consisting of the elected commissioner of insurance and six members who are appointed by the governor.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2001-2002. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (continuation budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

GENERAL PERFORMANCE INFORMATION: LICENSED AND APPROVED INSURANCE COMPANIES IN LOUISIANA

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of licensed domestic insurance companies ¹	191	202	200	200	178
Number of licensed foreign/alien insurance companies ²	1,599	1,698	1,705	1,717	1,919
Number of surplus lines companies approved and monitored ³	150	156	156	155	109
Total number of companies licensed and approved	1,940	2,056	2,061	2,072	2,206

¹ A domestic insurance company is an insurance company, formed under the laws of the State of Louisiana, that has filed an application with the Louisiana Department of Insurance (DOI) and been approved by the DOI to transact business.

² A foreign insurance company is an insurance company, formed under the laws of the District of Columbia or any state of the United States except the State of Louisiana, that has filed for and received a Certificate of Authority from the Louisiana Department of Insurance (DOI) to transact business in the state. An alien insurance company is an insurance company, formed under the laws of any country other than the United States, that has filed for and received a Certificate of Authority through the Louisiana DOI. Both foreign and alien insurance companies must comply with the provisions of the Louisiana Insurance Code (Title 22) in order to transact business in the state.

³ A surplus lines insurance company is an approved, unauthorized insurer that has met certain qualifications under the provisions of the Louisiana Insurance Code (Title 22), including filing an application and receiving approval to operate as an approved, unauthorized insurer. Surplus lines companies approved to operate in the state are placed on a list maintained by the Louisiana Department of Insurance.

- 1.(KEY) Through the Office of Financial Solvency, to monitor the regulated entities to detect adverse financial and other conditions by performing all scheduled financial examinations, market conduct examinations, and analyses.

Strategic Link: This operational objective is related to Strategic Objective 1.2: *Monitor the regulated entities to detect adverse financial and other conditions and to follow up as necessary.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: In developing the program's strategic and operational plans, performance indicators were chosen to reflect the bulk of the work of the Office of Financial Solvency. Improved detection of troubled companies during the last several years has been a result of timely analysis and examination of insurers. The examination and analysis processes are two separate activities, each of which supports the other. Examination findings are followed up and monitored in the analysis process, which also monitors the filings and continued operations of insurers. This feeds into the examination process when an examination is scheduled. The department is currently examining insurers more frequently than the statutorily mandated time frame (at least once every five years). Companies may be moved up on the examination schedule, which is reviewed monthly, based on a "score" developed using a group of "weighted" factors.

Explanatory Note: Analysis is the annual examination of a company's required filings, field examination results, management and ongoing operations. Examination refers to financial examination of the company, typically an on-site/field examination. Market conduct examinations are conducted in conjunction with financial examinations but focus on a company's compliance with state laws, rules, and regulations in the conduct of its business and in its dealings with consumers. A market conduct examination may be prompted by consumer complaints in the state or problems other states have identified in a company's dealings with consumers, and may take place independent of the financial examination.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of market conduct exams performed ¹	30	33	30 ²	30 ²	23	23
K	Percentage of market conduct exams performed as a result of complaints ³	Not applicable ⁴	Not available ⁴	Not applicable ⁴	33% ⁴	33%	25%
K	Percentage of domestic companies examined (financial) ⁵	Not applicable ⁴	Not available ⁴	Not applicable ⁴	25% ⁴	25%	25%
K	Percentage of domestic companies analyzed	100%	100%	Not applicable ⁶	100%	100%	100%
K	Percentage of companies other than domestic analyzed	Not applicable ⁴	Not available ⁴	Not applicable ⁴	25% ⁴	25%	25%

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- ¹ The name of this performance indicator has been changed from "Number of entities examined (market conduct examination)" for clarity purposes. What the indicator measures and the method of calculation for the indicator have not been changed.
- ² Although the FY 2000-2001 performance standard for this indicator is 30, the DOI indicates in its FY 2000-2001 First Quarter Performance Progress Report that it currently anticipates the yearend figure to be 24.
- ³ This indicator has been added to provide a better measurement of the success of the analysis/examination process. Market conduct examinations are typically conducted in concert with financial examinations; however, if the DOI receives a number of complaints from consumers or if the department becomes aware of problems other states are having with a company's dealings with consumers, a market conduct examination may be performed independent of a financial examination.
- ⁴ This is a new performance indicator for FY 2001-2002. The indicator does not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for this indicator in FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.
- ⁵ This performance indicator has been added to provide a better measure of the analysis/examination process.
- ⁶ This performance indicator appeared under Act 10 of 1999 and has a performance standard for FY 1999-2000. However, the indicator did not appear under Act 11 of 2000 and does not have a performance standard for FY 2000-2001. The value shown for existing performance standard is an estimate, not a performance standard.

For data on numbers of exams performed (financial and market conduct) and number of analysis performed, see the General Performance Information table that follows.

Explanatory Note: The analysis and examination processes provide better early detection of troubled companies, not necessarily a reduction or increase in the number of troubled companies. Better early detection allows the Department of Insurance to closely monitor a troubled company's activities. A reduction or increase in the number of companies under administrative supervision is more a measure of the overall marketplace than a program outcome indicator. An increase in the number of companies under administrative supervision may mean that the analysis and examination processes are working very well, and that these troubled companies have been detected in a timely manner. As a practical matter, it is nearly impossible to predict the number of companies that might be placed in administrative supervision in any fiscal year.

Explanatory Note: Companies placed in administrative supervision may be restored to good health and removed from administrative supervision; remain in administrative supervision; or be closed (that is, they may shut down or go out of business) from administrative supervision. Companies that are closed are not moved to receivership.

GENERAL PERFORMANCE INFORMATION: FINANCIAL SOLVENCY - EXAMINATIONS AND ADMINISTRATIVE SUPERVISION				
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of companies examined (financial examination) ¹	Not available	31	51	39
Number of companies examined (market conduct examination) ¹	Not available	Not available	32	33
Number of companies analyzed ¹	Not available	529	793	413
Number of companies in administrative supervision at start of fiscal year	12	8	4	5
Number of companies placed in administrative supervision during fiscal year	3	2	2	0
Number of companies restored to good health/removed from supervision during fiscal year	3	2	4	0
Average number of months a company remains in administrative supervision	22	28.9	30	23.7

¹ The name of this indicator has been changed for clarity, substituting "companies" for "entities." Insurance companies, self-insurance funds, and third-party administrators are among the "entities" subject to financial or market conduct examination and analysis that will be referred to as "companies." The change does not alter what is being measured or the method of measurement being used.

2. (KEY) Through the Office of Licensing and Compliance, Agent Licensing Division, to oversee the licensing process.

Strategic Link: This operational objective is related to Strategic Objective IV.4: *To expedite the approval or disapproval of license applications, license renewals, registrations, annual filings, pre-licensing and continuing education filings by June 30, 2003.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The DOI must issue all licenses that are applied for by qualified applicants, and must do so within a certain timeframe. Licensing of property & casualty agents occurs in alternate years from licensing of life & annuity and health agents. There are fewer property & casualty agents licensed. Therefore, performance indicator values will be lower in all indicators in years in which property & casualty renewals occur.

Explanatory Note: The Department of Insurance (DOI) is currently considering options for a new renewal schedule that could allow for renewals throughout the year rather than during a specific period during the year. No decision has been made yet on this item.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of new agent licenses issued ^{1, 2}	9,739	15,381	9,739 ³	9,739 ³	15,700	15,700
K	Number of agent license renewals processed ^{2, 4}	29,070	28,889	29,070 ⁵	29,070 ⁵	29,090	29,090
K	Number of company appointments processed	171,069	271,197 ⁶	171,069 ⁶	171,069 ⁶	277,720	277,720

¹ The name of this indicator has been changed from "Number of agent, agency, broker and solicitor licenses issued." "Agent" includes agencies, brokers, and solicitors for purposes of this indicator. The change does not alter the data being measured or the method of measurement being used. The DOI is currently considering several changes to the licensing process that the new terminology will better suit.

² Previously, the numbers of agent, agency, broker, and solicitor license new issues and renewals processed were combined as one performance indicator. Beginning in FY 2000-2001, the DOI has separated newly licensed agents from those renewing licenses. Again, the term "agent" includes agencies, brokers, and solicitors.

³ Although the FY 2000-2001 performance standard for this indicator is 9,739, the DOI indicates in its FY 2000-2001 First Quarter Performance Progress Report that it currently anticipates the yearend figure to be 15,700.

⁴ The name of this indicator has been changed from "Number of agent, agency, broker and solicitor renewals processed." "Agent" includes agencies, brokers, and solicitors for purposes of this indicator. The change does not alter the data being measured or the method of measurement being used.

⁵ Although the FY 2000-2001 performance standard for this indicator is 29,070, the DOI indicates in its FY 2000-2001 First Quarter Performance Progress Report that it currently anticipates the yearend figure to be 23,000.

⁶ Increases in the number of licenses and reinstatements caused an increase in appointments in FY1998-1999. In addition, some increase in appointments resulted from department enforcement of a requirement that an agent have a company appointment in place in order to renew his/her license; agents who held licenses but were not selling insurance were required to obtain company appointments in order to keep their licenses. That requirement has been removed. A change in law eliminated the requirement for company appointment in some cases, but companies continue to submit appointments for processing. The FY 1999-2000 and FY 2000-2001 performance standards were proposed with the assumption that companies would not submit appointments unnecessarily. In its FY 2000-2001 First Quarter Performance Progress Report, the DOI indicates that it currently estimates the yearend figure for this indicator to be 277,720.

For output indicators related to the Agent Licensing Division, see the General Performance Information table that follows.

GENERAL PERFORMANCE INFORMATION: AGENT LICENSING DIVISION

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of agent license examinations administered ¹	6,181	6,099	6,036	6,288	6,371
Total number of agents licensed ¹	Not available	Not available	51,696	61,613	62,928
Number of continuing education courses reviewed	Not available	Not available	850 ²	762 ²	1,173 ²
Number of agent licensing inquiries received ³	Not available	Not available	118,532	76,217	116,945

¹ For purposes of consistence and clarity, the term "agent" shall include agents, agencies, brokers, and solicitors. This change does not alter the data being measured or the method of measurement.

² Of the 850 continuing education courses reviewed in FY 1997-1998, 829 were approved and 21 were disapproved. In FY 1998-1999, of 769 courses submitted, 736 were approved and 26 were disapproved. In FY 1999-2000, of 1,173 courses submitted, 1,015 were approved and 158 were disapproved.

³ As part of the licensing function, the Agent Licensing Division handles telephone calls and in-house visits by prospective license applicants and renewal applicants seeking assistance and information.

3. (KEY) Through the Office of Licensing and Compliance, Company Licensing Division, to review company applications for a Certificate of Authority within an average of 120 days.

Strategic Link: This operational objective is related to Strategic Objective IV.4: *Expedite the approval or disapproval of license applications, license renewals, registrations, annual filings, pre-licensing, and continuing education filings by June 30, 2003.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: A Certificate of Authority is evidence of approval to operate in Louisiana. A Certificate of Authority is issued to a domestic, foreign or alien insurer that has filed a complete appropriate application with the Department of Insurance (DOI) and, after thorough review of the applicant's information, has been approved to operate in the state.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of applications and filings processed during the fiscal year of receipt ¹	Not applicable ²	Not available ²	Not applicable ²	85% ²	85%	85%
K	Average number of days to review company license applications and filings ¹	90	150 ³	90 ⁴	90 ⁴	120 ⁴	120 ⁴

¹ Filings in the last ninety (90) days of any fiscal year are carried over into the next fiscal year.

² This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 and Act 11 of 2000 and does not have performance standards for FY 1999-2000 or FY 2000-2001. No data for this indicator were collected or reported for FY 1999-2000. The value shown for existing performance standard is an estimate, not a performance standard.

³ More companies than usual had large numbers of officers/directors on whom background checks had to be performed, thus making the review process take more time. (See Objective 9 in Program A: Administration/Fiscal for performance information related to background checks.) Also, the quality of the information submitted was not good in many cases, requiring the DOI to request information from the submitting companies, which created delays. The DOI did improve its processing time over its FY 1998-1999 average review time of 168 days but did not meet its performance standard for the reasons cited.

⁴ Although the FY 2000-2001 performance standard for this performance indicator is 90 days, the DOI indicates that it currently estimates that the yearend figure will be 120 days. This would be an improvement over its average processing time of 150 days in FY 1999-2000 but will not meet the performance standard for FY 2000-2001. The FY 2001-2002 continuation level and recommended level values reflect a more realistic target, given the experiences and issues cited by the DOI.

Input and output indicators for the Company Licensing Division are in the General Performance Information table that follows.

**GENERAL PERFORMANCE INFORMATION: COMPANY
LICENSING DIVISION**

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of company licensing applications and filings pending at beginning of fiscal year ^{1, 2}	70	320
Number of company licensing applications and filings received ²	63	79
Number of company licensing applications and filings processed ³	78	114 ⁴

¹ This includes risk purchasing groups, viatical settlement brokers and viatical settlement providers, dental referral plans and third-party administrator applications as well as the traditional companies making application or filings. The number here includes items processed from any existing backlog.

² Company licensing applications and filings received in the last ninety (90) days of a fiscal year will be counted in the next fiscal year.

³ Processed" means applications and filings have been reviewed and either approved or disapproved; applications may also be withdrawn by the company submitting them. In FY 1998-99, there were a total of 78 applications and filings processed, of which 69 were approved, 4 were not approved, and 5 were withdrawn. In FY 1999-2000, there were a total of 79 applications and filings processed, of which 6 were approved, 73 were disapproved, and 0 were withdrawn.

⁴ Includes pending items as well as applications and filings received in FY 1999-2000.

4. (KEY) Through the Property & Casualty (P&C) and Life & Annuity (L&A) sections of the Consumer Division of the Office of Licensing and Compliance, to investigate consumer complaints to conclusion within an average of 90 days.

Strategic Link: This operational objective is related to Strategic Objective II.1: *By June 30, 2001, furnish protection and assistance to consumers by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Consumer complaints are investigated to "conclusion"--meaning that the Department of Insurance (DOI) will determine whether the company met its responsibilities to the consumer within the appropriate laws, rules, and regulations. This does not always lead to a result that is satisfactory to the consumer; nor does it always lead to recovery of claim payment or premium refunds. For example: A consumer may want a policy to respond for something that is not a covered item or event, or that is excluded from coverage, or may be unsatisfied with the way a claim was handled, but the company acted properly and within all laws, rules, and regulations that apply to the situation giving rise to the complaint.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average number of days to conclude a P&C and L&A complaint investigation	Not applicable ¹	Not available ¹	90	90	90	90
K	Amount of P&C and L&A claim payments and/or premium refunds recovered for complainants ^{2,3}	\$2,312,844	\$4,266,829	\$2,350,000	\$2,350,000	\$2,500,000	\$2,500,000

¹ This indicator was new for FY 2000-2001. It did not appear under Act 10 of 1999 and has no performance standard for FY 1999-2000. No data for this indicator were collected or reported for FY 1999-2000. However, a similar indicator, "Average time to resolve a property and casualty or life and annuity complaint (in days)" was used in FY 1998-1999; this indicator had a performance standard of 90 days and an actual value of 120 days.

² The DOI has no control over the amount of any recoveries but realizes the value of this information to the department, the legislature, and consumers. The issues of the complaint determines the amount, if any, of the recovery on an individual complaint basis. As a result, the values for this performance indicator vary according to the cases that are resolved in a given year. In FY 1999-2000, one case alone resulted in a recovery of more than \$750,000 and some others in recoveries in excess of \$50,000.

³ The wording of this indicator has been changed slightly for clarity and consistency of like functions between the various office of the DOI. "Complainants" replaces "claimants" in the new wording because complainant is a more accurate term. The measurement being made and the method of measurement do not change as a result of this rewording.

Input and output indicators related to Property & Casualty and Life & Annuity complaints are included in the General Performance Information table that follows.

Explanatory Note: The Office of Health Insurance was established during FY 1997-1998. Prior to the creation of that office, performance indicators for health insurance-related complaints were reported with those for P&C and L&A complaints. As of FY 1998-1999, statistics for P&C and L&A complaints have been segregated from health insurance complaints.

GENERAL PERFORMANCE INFORMATION: PROPERTY & CASUALTY AND LIFE & ANNUITY COMPLAINTS		
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of P&C and L&A complaints received ¹	495	2,948
Number of P&C and L&A complaint investigations concluded	495	2,779
Number of P&C and L&A inquiries received ²	43,413	45,733

¹ Complaints received during the last ninety (90) days of any fiscal year may be counted in the next fiscal year.

² Inquiries are communications by telephone, e-mails, regular mail, and walk-in and include any inquiry short of a formal complaint.

5.(KEY) Through the Office of Licensing and Compliance, Property and Casualty (P&C) and Life and Annuity (L&A) Division, Policy Forms Review Section, to pre-approve contract forms for use by consumers within an average of 60 days.

Strategic Link: This operational objective is related to Strategic Objective I.3: *By June 30, 2001, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: This section had a large backlog, with forms pending for as long as two years before review/approval/disapproval until recently. Several years ago, the DOI obtained additional positions for this section via BA-7. Staff are trained and new procedures are in place. Significant progress has been made in processing contract forms in a timely manner. Forms must be reviewed when a company wishes to introduce a new product and when laws, rules, and regulations require changes to policy forms. Review and approval of forms is required before a policy/product can be sold or used in the state, whether the form review/approval is a result of changes in law, rules, or regulations, or because the company is introducing a new or changed product to the state. Delays in reviewing and approving forms can impact access of Louisiana insurance consumers to new products and can delay the sale/use of forms changed as a result of changes in laws, rules, or regulations.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average number of days to process P&C and L&A contract forms ¹	Not applicable ¹	Not available ¹	Not applicable ¹	60 ¹	60	60
K	Percentage of P&C and L&A forms approved ²	Not applicable ³	44.7%	Not applicable ³	50% ³	50%	50%

¹ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for this indicator in FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

² The DOI has been working to educate companies in the correct procedures for form and rate filings. This indicator measures the success of those efforts. An increase in the percentage of forms approved reflects a better-educated, more compliant industry.

³ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 or FY 2000-2001. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

Input and output indicators related to this objective are in the General Performance Information table that follows.

Explanatory Note: The Office of Health Insurance was established in FY 1997-1998. Prior to that time, statistics for health insurance forms review were kept with those for Property & Casualty (P&C) and Life and Annuity (L&A) forms review. As of FY 1999-2000, statistics for the Office of Health Insurance have been segregated from the P&C and L&A Section.

GENERAL PERFORMANCE INFORMATION: PROPERTY & CASUALTY AND LIFE & ANNUITY CONTRACT FORMS PRE-APPROVAL		
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of P&C and L&A contract forms pending at start of fiscal year	22,675	28,043
Number of P&C and L&A contract forms received ¹	21,375	3,009
Number of P&C and L&A contract forms processed ²	22,546 ³	47,482 ⁴

¹ Forms received in the last sixty (60) days of any fiscal year may be counted in the next fiscal year.

² Processed" means that a form has been reviewed and either approved or disapproved.

³ Of the total number of contract forms processed in FY 1998-1999, 12,405 were approved and 10,141 were disapproved.

⁴ Of the total number of contract forms processed in FY 1999-2000, 21,220 were approved and 26,262 were disapproved.

6. (KEY) Through the Office of Health Insurance, to assist and protect consumers with health care coverage needs by investigating consumer complaints to conclusion within an average of 90 days.

Strategic Link: This operational objective is related to Strategic Objective II.1: *By June 30, 2004, furnish protection and assistance to consumers by increasing efficiency, fairness, consistency, and timeliness in the enforcement of applicable laws and regulations.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Consumer complaints are investigated to "conclusion"--meaning that the Department of Insurance (DOI) will determine whether the company met its responsibilities to the consumer within the appropriate laws, rules, and regulations. This does not always lead to a result that is satisfactory to the consumer; nor does it always lead to recovery of claim payment or premium refunds. For example: A consumer may want a policy to respond for something that is not a covered item or event, or that is excluded from coverage, or may be unsatisfied with the way a claim was handled, but the company acted properly and within all laws, rules, and regulations that apply to the situation giving rise to the complaint.

Explanatory Note: The Office of Health Insurance was established during FY 1997-1998.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD	ACTUAL YEAREND PERFORMANCE	ACT 11 PERFORMANCE STANDARD	EXISTING PERFORMANCE STANDARD	AT CONTINUATION BUDGET LEVEL	AT RECOMMENDED BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Average number of days to conclude a health insurance complaint investigation	90	120 ¹	90	90	90	90
K	Amount of health insurance claim payments and/or premium refunds recovered for complainants ^{2,3}	\$100,000	\$1,853,219	\$1,000,000	\$1,000,000	\$1,500,000	\$1,500,000

¹ Although the DOI did not meet its performance standard for FY 1999-2000, the 120-day average time to conclude a complaint investigation was a significant reduction from the FY 1998-1999 average of 180 days.

² The DOI has no control over the amount of any recoveries but realizes the value of this information to the department, the legislature, and consumers. The issues of the complaint determines the amount, if any, of the recovery on an individual complaint basis. As a result, the values for this performance indicator vary according to the cases that are resolved in a given year.

³ The wording of this indicator has been changed slightly for clarity and consistency of like functions between the various office of the DOI. "Complainants" replaces "claimants" in the new wording because complainant is a more accurate term. The measurement being made and the method of measurement do not change as a result of this rewording.

Input and output indicators related to health insurance complaints are included in the General Performance Information table that follows.

Explanatory Note: The Office of Health Insurance was established during FY 1997-1998. Prior to the creation of that office, performance data for health insurance-related complaints were reported with those for P&C and L&A complaints. As of FY 1998-1999, statistics for health insurance-related complaints have been segregated from those for P&C and L&A insurance.

GENERAL PERFORMANCE INFORMATION: HEALTH INSURANCE-RELATED COMPLAINTS		
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of health insurance-related complaints received ¹	2,013	2,268
Number of health insurance-related complaint investigations concluded	2,013	2,951
Number of health insurance-related inquiries received ²	12,139	26,757

¹ Complaints received during the last ninety (90) days of any fiscal year may be counted with the next fiscal year.

² Inquiries are communications by telephone, e-mails, regular mail, and walk-in and include any inquiry short of a formal complaint.

7.(KEY) Through the Office of Health Insurance, Contract Forms Review Section, to review contract forms and rates before the forms are sold in Louisiana, maintaining a 60-day average processing time.

Strategic Link: This operational objective is related to Strategic Objective I.3: *By June 30, 2001, implement an expedited review process which allows for handling of contract form filings and revisions within 60 days of receipt.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The Office of Health Insurance was established in FY 1997-1998. Prior to that time, statistics for health insurance forms review were kept with those for Property & Casualty (P&C) and Life and Annuity (L&A) forms review. As of FY 1999-2000, statistics for the Office of Health Insurance have been segregated from the P&C and L&A Section. The Office of Health Insurance approves rates as well as contract forms for health insurance. The P&C and L&A Section deals only with forms; the Louisiana Insurance Rating Commission handles P&C and L&A rate filings. Staff members in this unit are working to full capacity at this time. This unit has made progress in eliminating backlog and in decreasing processing times.

Explanatory Note: Forms review/approval is required when a company introduces a new policy form/product and as a result of changes in laws, rules or regulations. Review/approval is required before the forms can be used or sold in the state. Louisiana insurance consumers cannot take advantage of new products offered by insurers until the DOI has reviewed and approved contract forms.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average number of days to process health insurance contract forms and rates	Not applicable ¹	Not available ¹	Not applicable ¹	120 ¹	60	60
K	Percentage of health insurance contract forms/rates approved ²	Not applicable ³	59.5%	Not applicable ³	39% ⁴	50%	35% ⁴

¹ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 and FY 2000-2001. No data were collected or reported for this indicator in FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

² The DOI has been working to educate companies in the correct procedures for form and rate filings. This indicator measures the success of those efforts. An increase in the percentage of forms approved reflects a better-educated, more compliant industry.

³This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 and FY 2000-2001. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

⁴The DOI plans to institute new requirements for companies filing forms for approval. The new requirements probably will result in some short-term decrease in the approval rate, but in the long-term will decrease approval time. A mailout to all health care coverage providers is planned to notify them of the new requirements.

Input and output indicators related to this activity are included in the General Performance Information table that follows.

Explanatory Note: The Office of Health Insurance was established in FY 1997-1998. Prior to that time, statistics for health insurance forms review were kept with those for Property & Casualty (P&C) and Life and Annuity (L&A) forms review. As of FY 1999-2000, statistics for the Office of Health Insurance have been segregated from the P&C and L&A Section.

GENERAL PERFORMANCE INFORMATION: HEALTH INSURANCE FORMS AND RATES REVIEW		
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of health insurance contract forms/rates pending at start of fiscal year	Not available	Not available
Number of health insurance contract forms/rates received ¹	2,444	5,881
Number of health insurance contract forms/rates processed ²	4,654 ³	6,357 ⁴

¹ Forms received in the last sixty (60) days of any fiscal year may be counted in the next fiscal year.

² Processed" means that a form has been reviewed and either approved or disapproved.

³ Of the total number of contract forms processed in FY 1998-1999, 2,564 were approved and 1,090 were disapproved.

⁴ Of the total number of contract forms processed in FY 1999-2000, 3,783 were approved and 2,574 were disapproved.

- 8.(KEY) Through the Office of Health, Senior Health Insurance Information Program (SHIIP), to provide senior citizens with health-related counseling, resulting in an estimated savings of \$1,000,000 to counseled seniors.

Strategic Link: This operational objective is related to Strategic Objective IV.1: *By June 30, 2001, to increase the number of senior citizens receiving services from the Senior Health Insurance Information Program to help them become knowledgeable healthcare consumers.*

Louisiana: *Vision 2020* Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: SHIIP is funded by a federal grant (75% federal/25% state match). The Department of Insurance does not anticipate the loss of any employees in this program.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Estimated savings to counseled senior health clients ¹	\$350,000	\$1,253,186	\$350,000	\$350,000	\$1,000,000	\$1,000,000
S	Number of senior health group presentations provided	85	134 ²	85	85	100	100
S	Number in attendance at senior health group presentations	6,000	7,561 ³	6,000	6,000	8,000	8,000
S	Number of senior health volunteer counselor training sessions conducted ⁴	20	11 ⁵	20	20	15	15
S	Number of inquiries handled and home-site counseling services provided ⁶	6,000	18,716	6,000	6,000	8,500	8,500
S	Number of senior health publications disseminated	50,000	45,880 ⁷	50,000	50,000	50,000	50,000

¹ SHIIP estimates savings to seniors by using a formula developed by the Federal Health Care Financing Administration (HCFA) and the Insurance Counseling and Assistance National Performance Reporting Subcommittee. The formula is used in reporting to HCFA. Savings may result when Medicare Supplement claims filing assistance results in the 20% that Medicare does not pay being counted, or when an examination of the senior's finances indicates that he/she might be eligible for a program that allows Medicaid to pay the Medicare deductible, co-insurance and premiums, or when seniors elect a Medicare HMO as opposed to Medigap coverage, which had cost \$100 per month, and that \$1,200 per year is then saved. Although the DOI has no control over the amount any senior may save as a result of assistance from SHIIP, the department recognizes the value of this information to the department, the legislature, the federal government, and consumers.

² SHIP was able to provide almost three times the number of presentations it expected to provide during the fiscal year because more opportunities were open to the program.

³ The greater-than-anticipated attendance is attributed to an effective advertising effort.

⁴ The name of this indicator has been changed from "Number of initial and follow-up senior health volunteer counselor training sessions provided." This change does not alter the data being measured or the method of measurement being used.

⁵ Counselor training sessions were below the performance standard because the DOI has a solid core of trained volunteers at this time.

⁶ The name of this indicator has been changed from "Number of senior health insurance related telephone calls, walk-ins, and home-site counseling services provided." This change does not alter the data being measured or the method of measurement being used. "Inquiries" includes telephone, e-mail, and walk-in communications.

⁷ Requests for publications decreased in the third and fourth quarters of FY 1999-2000, resulting in fewer publications distributed than the performance standard.

- 9.(KEY) Through the Quality Assurance Division of the Office of Health Insurance, to review and act upon applications and filings from Medical Necessity Review Organizations (MNROs) within an average of 150 days.

Strategic Link: This operational objective is related to Strategic Objective IV.4: *Expedite the approval or disapproval of license applications, license renewals, registrations, annual filings, pre-licensing, and continuing education filings by June 30, 2003.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: In the 1999 Regular Legislative Session, the Louisiana Legislature enacted Chapter 7 of Title 22, establishing minimum standards for Medical Necessity Review Organizations (any entity that determines what medical services or procedures will be covered under a health benefit plan based upon medical necessity) and requiring those organizations to be subject to licensing requirements, effective January 1, 2001. These organizations will be subject to examination by the commissioner of insurance no less frequently than once every three years.

Explanatory Note: The Health Maintenance Organization (HMO) quality assurance examinations that the DOI intended to transfer to this division in the Office of Health Insurance continue to be handled by the Office of Financial Solvency. Licensing and examination of MNROs has been assigned to this division within the Office of Health Insurance. A performance indicator for examination of MNROs will be added in FY 2002-2003.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD	ACTUAL YEAREND PERFORMANCE	ACT 11 PERFORMANCE STANDARD	EXISTING PERFORMANCE STANDARD	AT CONTINUATION BUDGET LEVEL	AT RECOMMENDED BUDGET LEVEL
		FY 1999-2000	FY 1999-2000	FY 2000-2001	FY 2000-2001	FY 2001-2002	FY 2001-2002
K	Average number of days to process an MNRO application	Not applicable ¹	Not applicable ¹	Not applicable ¹	150 ¹	150	150
S	Number of MNRO licensing applications and filings received	Not applicable ¹	Not applicable ¹	Not applicable ¹	150 ¹	150	150
S	Number of MNRO licensing applications and filings processed	Not applicable ¹	Not applicable ¹	Not applicable ¹	150 ¹	150	150

¹ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and has no performance standards for FY 1999-2000 and FY 2000-2001. Since the MNRO licensing activity is new and begins on January 1, 2000, there are no prior year actual data for FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard. It is difficult, if not impossible, to estimate performance levels for this division, since the licensing of MNROs is completely new and the employees performing this function are recently hired and undergoing training. This procedure is effective as of January 1, 2001. Therefore, there are no historical data from which to work in determining average processing times or number of applications and filings that will be submitted.

10.(KEY) Through the Division of Legal Services, to provide representation to the department in hearings and through issuing internal department legal and policy opinions and the promulgation of rules and regulations.

Strategic Link: This operational objective is related to Strategic Objective II.4: *To develop a written procedure within the legal services division to identify routine violations of Title 22 and provide standard forms to use within FY 2000-01.* This operational objective is also related to Strategic Objective I.3: *To recommend revisions to Title 22 - Insurance Code and all department rules, regulations, and opinions by June 30, 2003.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: The timeframes targeted in the performance indicators that appear below are set by the department's executive counsel as an internal effort directed toward quality and efficiency.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
S	Percentage of hearings scheduled within 6 weeks of referral ¹	Not applicable ²	Not available ²	Not applicable ²	80% ²	80%	80%
K	Percentage of hearings resulting in regulatory action ³	Not applicable ⁴	51.7%	Not applicable ⁴	50% ⁴	39%	39%
S	Percentage of cease and desist orders issued within 5 days of final approval ⁵	Not applicable ²	Not available ²	Not applicable ²	100% ²	100%	100%
S	Percentage of rules and regulations promulgated within 9 months of initial request ⁶	Not applicable ²	Not available ²	Not applicable ²	70% ²	70%	70%
S	Percentage of internal legal and policy opinions issued within 4 weeks ⁷	Not applicable ²	Not available ²	Not applicable ²	80% ²	80%	80%
S	Percentage of staff attorneys completing at least 15 hours of continuing legal education during fiscal year	Not applicable ²	Not available ²	Not applicable ²	100% ²	100%	100%

¹ The number of hearings in which the Department of Insurance (DOI) must be represented is reported as General Performance Information in the following table.

² This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

³ A hearing may or may not result in a regulatory action. Multiple regulatory actions may result from a single hearing, or a hearing may be continued to a later date. It is not uncommon for a party (agent, broker, company) to settle the matter in dispute just short of the hearing, in which case the party will have met the department's demand(s) on the issue in dispute; stipulations are counted as regulatory actions for purposes of this indicator's values. Indicator values are calculated by dividing the number of hearings resulting in regulatory action by the number of hearings in which the DOI required representation. A decrease in the number of hearings resulting in regulatory generally signals an increase in the number of entities owing overdue taxes, penalties, fees, etc., are paying when the hearing is noticed, rather than go through a hearing. At that point, the matter is no longer considered a regulatory action but the DOI has achieved its objective.

⁴ This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 or FY 2000-2001. No data were collected or reported for FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a standard.

⁵ A cease and desist order may be issued as a result of a hearing or independent of any hearing. The number of cease and desist orders issued is reported as General Performance Information in the following table.

⁶ In FY 1998-1999, FY 1999-2000, and FY 2000-2001, an indicator entitled "Average length of time to promulgate department rules and regulations (in months)" has been used. The performance standard for all fiscal years is 9 months. In FY 1998-1999, the actual yearend figure was 9 months; in FY 1999-2000, 10 months. In its FY 2000-2001 First Quarter Performance Progress Report, the agency has set a 4th quarter target of 9 months. As of FY 2001-2002, the agency will not report "Average length of time to promulgate department rules and regulations (in months)" but will report "Percentage of rules and regulations promulgated within 9 months of initial request." The number of department rules and regulations promulgated is reported as General Performance Information in the following table.

⁷ In FY 1998-1999, FY 1999-2000, and FY 2000-2001, an indicator entitled "Average length of time to issue internal legal and policy opinions (in weeks)" has been used. The performance standard for FY 1998-1999 is 6 weeks; for FY 1999-2000 and FY 2000-2001, 4 weeks. In FY 1998-1999, the actual yearend figure was 6 weeks; in FY 1999-2000, 4 weeks. The agency has set a 4th quarter target of 6 weeks in its FY 2000-2001 First Quarter Performance Progress Report. As of FY 2001-2002, the agency will not report "Average length of time to issue internal legal and policy opinions (in weeks)" but will report "Percentage of internal legal and policy opinions issued within 4 weeks." The numbers of internal legal and policy opinions requested and issued are reported as General Performance Information in the following table.

Additional information on the Division of Legal Services may be found in the General Performance Information table that follows.

**GENERAL PERFORMANCE INFORMATION: DIVISION OF LEGAL
SERVICES**

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of hearings in which DOI must be represented	348	330 ¹	265
Number of cease and desist orders issued	16	17	21
Number of internal legal and policy opinions requested	6	16	29
Number of internal legal and policy opinions issued	13	9	16
Number of department rules and regulations promulgated	4	4	7

¹ The department's FY 1998-1999 Fourth Quarter Performance Progress Report and FY 1999-2000 Second and Fourth Quarter Performance Progress Reports reported a yearend actual of 146 in error. The correct FY 1998-1999 actual for this indicator is 330.

11.(KEY) Through the Office of Receivership, and with the approval of the court, to bring to closure and distribute the assets of the estates that are currently in receivership.

Strategic Link: This operational objective relates to Strategic Objective I.1: *By June 30, 2001, bring to closure by approval of the courts, 100% of the estates that are currently in receivership.* It also relates to Strategic Objective II.2: *Bring to closure , within four years, 100% of those estates that are moved into receivership.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Number of companies brought to final closure	13	3 ¹	6 ²	6 ²	5	5
K	Total recovery of assets of liquidated companies ³	\$32,952,474	\$1,635,147	\$13,604,804 ⁴	\$13,604,804 ⁴	\$14,327,026	\$13,604,804

¹ No estate can be brought to final closure without court approval. Delays in the courts and the legal process have delayed closure of estates that the DOI hoped to see brought to final closure in FY 1999-2000. Court delays are beyond the control of the department.

² Although the FY 2000-2001 performance standard for this indicator is 6, the department indicated in its FY 2000-2001 First Quarter Performance Progress Report that it currently anticipates the yearend figure to be 8.

³ Liquidation is the standing of a company when, upon court order, a receiver is charged with the duty of securing, marshaling, and distributing all assets of the estate of the failed company. In addition, the court-appointed receiver is responsible for evaluating all claims of insured claimants and other interested parties, and eventually distributing the available assets of the company as set forth in the Louisiana statutes and as approved by the court. Recovered assets of liquidated companies go to the companies' creditors, one of which is the Louisiana Insurance Guaranty Association (LIGA). Another is the Louisiana Life and Health Insurance Guaranty Association (LLHIGA). Neither the Department of Insurance nor the State General Fund receive any of these monies.

⁴ Although the FY 2000-2001 performance standard for this indicator is \$13,604,804, the department indicated in its FY 2000-2001 First Quarter Performance Progress Report that it currently anticipates the yearend figure to be \$14,327,026.

Additional information related to this objective may be found in the General Performance Information table that follows.

GENERAL PERFORMANCE INFORMATION: COMPANIES IN RECEIVERSHIP

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of companies in some form of receivership (at beginning of fiscal year)	44	46	32	28	20 ¹
Number of companies brought to final closure	18	12	2	10	3
Total recovery of assets of liquidated companies	Not available	\$4,065,514	\$804,040	\$12,744,470	\$1,625,147

¹ Because this indicator measures the number of companies in some form of receivership at the beginning of the fiscal year, the number should remain constant throughout that fiscal year. The number in receivership at the beginning of FY 1999-2000 was 20. In its FY 1999-2000 Fourth Quarter Performance Progress Report, the DOI incorrectly reported, as the yearend actual, a figure of 18, which was, in fact, the number of companies in some form of receivership at the end of FY1999-2000.

Explanatory Note: The number of companies in receivership at the beginning of a fiscal year, minus the number closed during the fiscal year will not give the number currently in some form of receivership. Additional companies may be placed in receivership during the fiscal year.

12. (KEY) Through the Fraud Division, to investigate incidences of suspected fraud and perform background checks in a timely manner.

Strategic Link: This operational objective is related to Strategic Objective I.4: *By June 30, 2003, reduce insurance fraud by: Working with the insurance fraud units within the Department of Public Safety and Corrections and Department of Justice to increase public awareness of insurance fraud and encourage consumers to report suspected fraud; effectively investigating instances of alleged insurance fraud reported to the Department of Insurance and making referrals to law enforcement and/or prosecutorial agencies as appropriate; and performing background checks for the agent licensing and company licensing divisions of the Department of Insurance.*

Louisiana: Vision 2020 Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Act 1312 of 1999 authorizes the commissioner of insurance to assess a special fee on direct premiums collected by licensed insurers in the state. The monies are allocated among the fraud units of the DOI, Louisiana State Police (Department of Public Safety and Corrections), and Department of Justice to fund efforts to reduce insurance fraud in the Louisiana. Performance data for this activity will be monitored, evaluated, and possibly revised as implementation of the effort to reduce insurance fraud progresses.

Explanatory Note: A study by Conning and Company, a research firm specializing in the insurance industry, suggests that insurance fraud cost to Americans was close to \$120 billion in 1995, up from \$30 billion in 1990, with the trend expected to continue. For 1995, healthcare fraud costs were \$95 billion, representing 1% of fraud discovered; property and casualty fraud costs were \$20 billion, representing 20% of fraud discovered; life and disability fraud costs were \$5 billion, representing 10% of fraud discovered. The most costly types of fraud are not the types most commonly discovered.

Explanatory Note: According to figures from the Coalition Against Insurance Fraud (CAIF), claims fraud in Louisiana totaled an estimated \$2.3 billion in 1995. Relatively few Louisiana agents have had their licenses revoked due to action by the Fraud Division. Many agents have had licenses suspended, revoked, or flagged by other divisions within the DOI before being referred to the Fraud Division. Many fraud investigations involve persons selling insurance without having a valid agent license in force. The majority of actions taken by the Fraud Division against agents are criminal referrals to law enforcement agencies.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Percentage of initial claim fraud investigations completed within 10 working days ¹	Not applicable ²	Not available ²	Not applicable ²	80% ²	80%	80%
K	Percentage of background checks completed within 15 working days ³	Not applicable ²	Not available ²	Not applicable ²	80% ²	80%	80%
K	Number of agent/company investigations opened	10	12	350 ⁴	350 ⁴	20 ⁴	20 ⁴

K	Number of agent/company investigations referred to law enforcement agencies	Not applicable ²	Not available ²	Not applicable ²	12 ²	12	12
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¹ Initial investigation means that the report is investigated to determine whether a full investigation should be initiated, or if the report should be entered into the database and maintained for possible additional investigation at some later date. For information on the number of claim fraud cases received and referred to law enforcement agencies in prior years, see the General Performance Indicator table that follows.

² This is a new performance indicator for FY 2001-2002. It did not appear under Act 10 of 1999 or Act 11 of 2000 and does not have performance standards for FY 1999-2000 and FY 2000-2001. No data were collected or reported for FY 1999-2000. The value shown for existing performance standard is an estimate of yearend performance, not a performance standard.

³ In a "perfect world" scenario, background checks take an average of three days--that is, all needed information has been provided in the initial submittal, there are no more than three officers/directors, and no derogatory information is discovered about any party being investigated. Few background checks fit all of these criteria. An average of three weeks is more realistic for the submittals that the DOI receives. Also, a number of companies submitted recently have had large numbers of officers/directors on whom background checks must be performed. For the number of background checks performed in prior years, see the General Performance Information table that follows.

⁴ The continuation and recommended budget level values for this indicator are lower than the standard for FY 2000-2001 because that figure is inflated as a result of two years of the joint FBI-State Police task force. Although the DOI's Fraud Division will still be involved in those investigations, cases are expected to already have been opened and referred to law enforcement. The indicator value shown reflects what the department believes can be achieved in a "normal" year--considering perhaps one or two additional cases resulting from the activities of the task force. Activity for this indicator was abnormally high in the last few years due to the work of the task force. One investigation would lead to another and then a third, and so on, until many more cases resulted than were anticipated when the task force began its work.

Input and output indicators for this activity are included in the General Performance Information table that follows.

GENERAL PERFORMANCE INFORMATION: FRAUD DIVISION ACTIVITIES				
PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Number of claim fraud cases received	292	678	950	450
Number of claim fraud cases referred to law enforcement agencies	7	24	26	3
Number of background checks performed for agent and company licensing	120	1,151	1,514	2,045

- 13.(KEY) Through the Louisiana Insurance Rating Commission (LIRC), to consider and act upon rate change submissions from admitted insurance companies and ensure compliance with approved rates.

Strategic Link: This operational objective is related to Strategic Objective II.3: *By December 31, 2004, improve timeliness and customer service by electronically storing and analyzing Louisiana Insurance Rating Commission rate and rule filings.* It is also related to Strategic Objective III.1: *By December 31, 2003, make Louisiana Insurance Rating Commission information available via the Internet to enable consumers and the public to easily view rate and rule filings and rate comparisons.*

Louisiana: *Vision 2020* Link: Not applicable

Children's Cabinet Link: Not applicable

Other Link(s): Not applicable

Explanatory Note: Rate change submissions are acted upon during regularly scheduled meetings of the LIRC. The number of submissions is market-driven and beyond the control of the Department of Insurance (DOI). Act 1476 of 1997, the Omnibus Premium Reduction Act of 1997 (also known as "No Pay/No Play"), mandated a 10% reduction in automobile liability insurance rates, so the LIRC was not required to approve rate change requests at rates lower than their companies requested.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1999-2000	ACTUAL YEAREND PERFORMANCE FY 1999-2000	ACT 11 PERFORMANCE STANDARD FY 2000-2001	EXISTING PERFORMANCE STANDARD FY 2000-2001	AT CONTINUATION BUDGET LEVEL FY 2001-2002	AT RECOMMENDED BUDGET LEVEL FY 2001-2002
K	Average percentage change in rates approved by the LIRC	2.05%	-1.09%	2.05%	2.05%	-1.90%	2.00%
S	Market impact of rates approved by the LIRC ¹	1.33%	-0.66%	1.33%	1.33%	1.30%	1.30%
K	Percentage completion of electronic storage and analysis of rate and rate filings	Not applicable ²	Not applicable ²	5% ³	5% ³	10%	70%
K	Percentage completion of project to make rate and rate comparison data available to consumers via Internet	Not applicable ²	Not applicable ²	5% ³	5% ³	10%	85%

¹ Although this performance indicator is market-driven and beyond the control of the LIRC, the DOI recognizes the value of the data to the department, the legislature, and consumers.

² This was a new performance indicator for FY 2000-2001. It did not appear under Act 10 of 1999 and has no performance standard for FY 1999-2000. Because the project did not begin until FY 2000-2001, there are no actual data for FY 1999-2000.

³ The initial phases of these projects are very slow moving as much data must be entered once the programs have been developed or modified to do what the department needs them to do. Once the first two phases are complete, the projects should move fairly rapidly to conclusion.

Additional information related to the LIRC is included in the General Performance Information table that follows.

GENERAL PERFORMANCE INFORMATION: LOUISIANA INSURANCE RATING COMMISSION (LIRC)

PERFORMANCE INDICATOR	PRIOR YEAR ACTUAL FY 1995-96	PRIOR YEAR ACTUAL FY 1996-97	PRIOR YEAR ACTUAL FY 1997-98	PRIOR YEAR ACTUAL FY 1998-99	PRIOR YEAR ACTUAL FY 1999-00
Amount of written property, casualty, surety and inland marine insurance premiums regulated by the LIRC (in billions)	\$4.235	\$3.996	\$4.574	\$4.590	\$4.529
Number of rate change submissions acted upon by the LIRC	2,056	682	1,438	632	427
Number of rate change submissions approved	280	375	470	456	295
Number of rate change submissions approved at a lesser amount than requested	Not available	221	16	13	14
Number of rate change requests rejected	90	86	87	116	128
Number of rate change submissions reviewed by actuary	Not available	433	557	572	427
Average percentage change in rates approved by the LIRC	Not available	2.93%	-2.64%	2.62%	-1.09%
Market impact of rates approved by the LIRC	Not available	1.80%	-2.22%	2.62%	-0.66%

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1999- 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	12,673,485	12,883,078	12,788,580	13,099,931	15,738,812	2,950,232
Statutory Dedications	397,672	558,482	558,482	585,047	737,712	179,230
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	203,265	201,878	205,510	201,878	201,878	(3,632)
TOTAL MEANS OF FINANCING	\$13,274,422	\$13,643,438	\$13,552,572	\$13,886,856	\$16,678,402	\$3,125,830
EXPENDITURES & REQUEST:						
Salaries	\$6,564,601	\$6,346,816	\$6,272,502	\$6,451,917	\$8,490,341	\$2,217,839
Other Compensation	599,717	506,977	506,977	506,977	543,449	36,472
Related Benefits	1,385,791	1,493,202	1,475,159	1,508,261	1,904,842	429,683
Total Operating Expenses	1,861,569	1,940,617	1,942,108	2,081,996	2,219,806	277,698
Professional Services	1,763,323	2,528,254	2,528,254	2,528,254	2,567,254	39,000
Total Other Charges	565,448	591,922	591,922	591,922	735,181	143,259
Total Acq. & Major Repairs	533,973	235,650	235,650	217,529	217,529	(18,121)
TOTAL EXPENDITURES AND REQUEST	\$13,274,422	\$13,643,438	\$13,552,572	\$13,886,856	\$16,678,402	\$3,125,830
AUTHORIZED FULL-TIME EQUIVALENTS: Classified	171	152	146	146	170	24
Unclassified	19	19	19	19	26	7
TOTAL	190	171	165	165	196	31

SOURCE OF FUNDING

This program is funded from Fees and Self-generated Revenues, Statutory Dedications and Federal Funds. The Fees and Self-generated Revenues are derived from various fees and licenses authorized by R.S. 22:1078 and the La. Insurance Rating Commission assessment authorized by R.S. 22:1419. The Statutory Dedications are from the Administration Fund (Health Insurance Portability Administrative Act) comprised of penalties and an assessment not to exceed .0002 of the amount of premiums received in this state by Health insurers during the preceding year ending December 31. Statutory Dedications are also from the Insurance Fraud Investigation fund from assessments on various policies written in Louisiana. (Per R.S. 39:32B(8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.) The Federal Funds are provided under the Health Information, Counseling and Assistant Grant Award made under the authority of Section 4360 of the Omnibus Budget Reduction act of 1990 (Public Law 101-508).

	ACTUAL 1999 - 2000	ACT 11 2000 - 2001	EXISTING 2000 - 2001	CONTINUATION 2001 - 2002	RECOMMENDED 2001 - 2002	RECOMMENDED OVER/(UNDER) EXISTING
Administrative Fund	\$397,672	\$558,482	\$558,482	\$585,047	\$493,790	(\$64,692)
Insurance Fraud Assessment Fund	\$0	\$0	\$0	\$0	\$243,922	\$243,922

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$13,643,438	171	ACT 11 FISCAL YEAR 2000-2001
			BA-7 TRANSACTIONS:
\$0	\$3,632	0	Carry forward BA-7 of Federal Funds for operating services (printing)
\$0	(\$94,498)	(6)	BA-7 Transferring of Functions within the department to the Administration Program
\$0	\$13,552,572	165	EXISTING OPERATING BUDGET – December 15, 2000
\$0	\$361,125	0	Annualization of FY 2000-2001 Classified State Employees Merit Increase
\$0	\$120,523	0	Classified State Employees Merit Increases for FY 2001 -2002
\$0	\$217,529	0	Acquisitions & Major Repairs
\$0	(\$235,650)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$3,632)	0	Non-Recurring Carry Forwards
\$0	\$1,216,690	0	Salary Base Adjustment
\$0	(\$150,967)	(4)	Attrition Adjustment
\$0	\$9,310	0	Other Adjustments - Office space rental increase
\$0	\$102,495	0	Other Adjustments - Maintenance on equipment no longer under warranty
\$0	\$1,488,407	35	Technical transfer moving Legal, Fraud Unit and Receivership to Market Compliance Program
\$0	\$16,678,402	196	TOTAL RECOMMENDED

The total means of financing for this program is recommended at 123.1% of the existing operating budget. It represents 99.0% of the total request (\$16,839,743) for this program. The net increase in funding for this Program is primarily due to adjustment in salary requirements, and the transfer of the Insurance Fraud Legal Unit and Receivership function to this program.

PROFESSIONAL SERVICES

\$1,783,000	Accounting and Auditing
\$368,401	Legal
\$376,853	To be determined - Accounting, legal and others contracts deemed required by the department to carry out the mission of the department
\$39,000	Fraud unit financial examiner
\$2,567,254	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$2,924	Transcribing services
\$2,924	SUB-TOTAL OTHER CHARGES
	Interagency Transfers:
\$13,329	Civil Service fees
\$541	CPTP training
\$2,180	UPS fees
\$2,193	Treasury fees
\$20,598	Security fees - Department of Public Safety
\$533,501	Maintenance of Office Space - Building and Grounds
\$112,304	Administrative Law Judges
\$47,611	Legal services provided by the Department of Justice
\$732,257	SUB-TOTAL INTERAGENCY TRANSFERS
\$735,181	TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$217,529	Replacement of various Data processing and other office equipment
\$217,529	TOTAL ACQUISITIONS AND MAJOR REPAIRS